



Table with international news briefs and prices for various countries and regions.

Red Army Retreats From Empire to Face New Battles at Home

By Jim Hoagland Washington Post Service WASHINGTON — Nearly half a century after the Red Army drove into the heart of Europe to capture Berlin and turn the Soviet Union into a global superpower, Russia is dismantling its military machine abroad...

troops out of Germany and its army. The superpower army laboriously constructed over half a century must be brought home and quickly reshaped to resist precisely these forces, which have become a hydra-headed foe feeding on separatism, burning nationalism and, in places, Islamic fundamentalism.

fronting the 25 million Russian civilians stranded in the former Soviet republics. Earlier interviews in Germany, Estonia and elsewhere in Europe confirmed this uneven pattern of Russian withdrawal and the explosive consequences for the rest of the world of a failed or abandoned retreat.

Yeltsin Warns Moscow May Intervene in Ethnic Unrest

In Message to Moldova, He Says Russia Must Act To Defend Its People By Steven Erlanger New York Times Service MOSCOW — President Boris N. Yeltsin of Russia returned here Sunday from a successful week in the West to issue a warning about growing Russian impatience with fierce ethnic fighting along the southern rim of the former Soviet empire.

The Vicious Twist Of Death in Bosnia A Cycle of Ethnic Massacres And Revenge Spreads Fear

By John F. Burns New York Times Service SARAJEVO, Bosnia-Herzegovina — Toward dusk a week ago, a bus carrying 56 Muslims from the village of Abatovici, who were being held by Serbian gunmen, halted on a mountain road north of here.



A Moldovan soldier running back from the front line in Bendery on Sunday. Separatist troops were reported to have regained control of most of the town.

Behind South African Violence, a Deeper Rage

By Bill Keller New York Times Service JOHANNESBURG — Among the bitter placards that greeted President Frederik W. de Klerk on his visit to the Boipatong massacre site on Saturday was one that bypassed the anger of the moment to tap a deeper rage.

representative of black interests, told cheering followers in the southern Transvaal on Sunday that his executive committee would meet on Tuesday to consider withdrawing from multilateral talks.

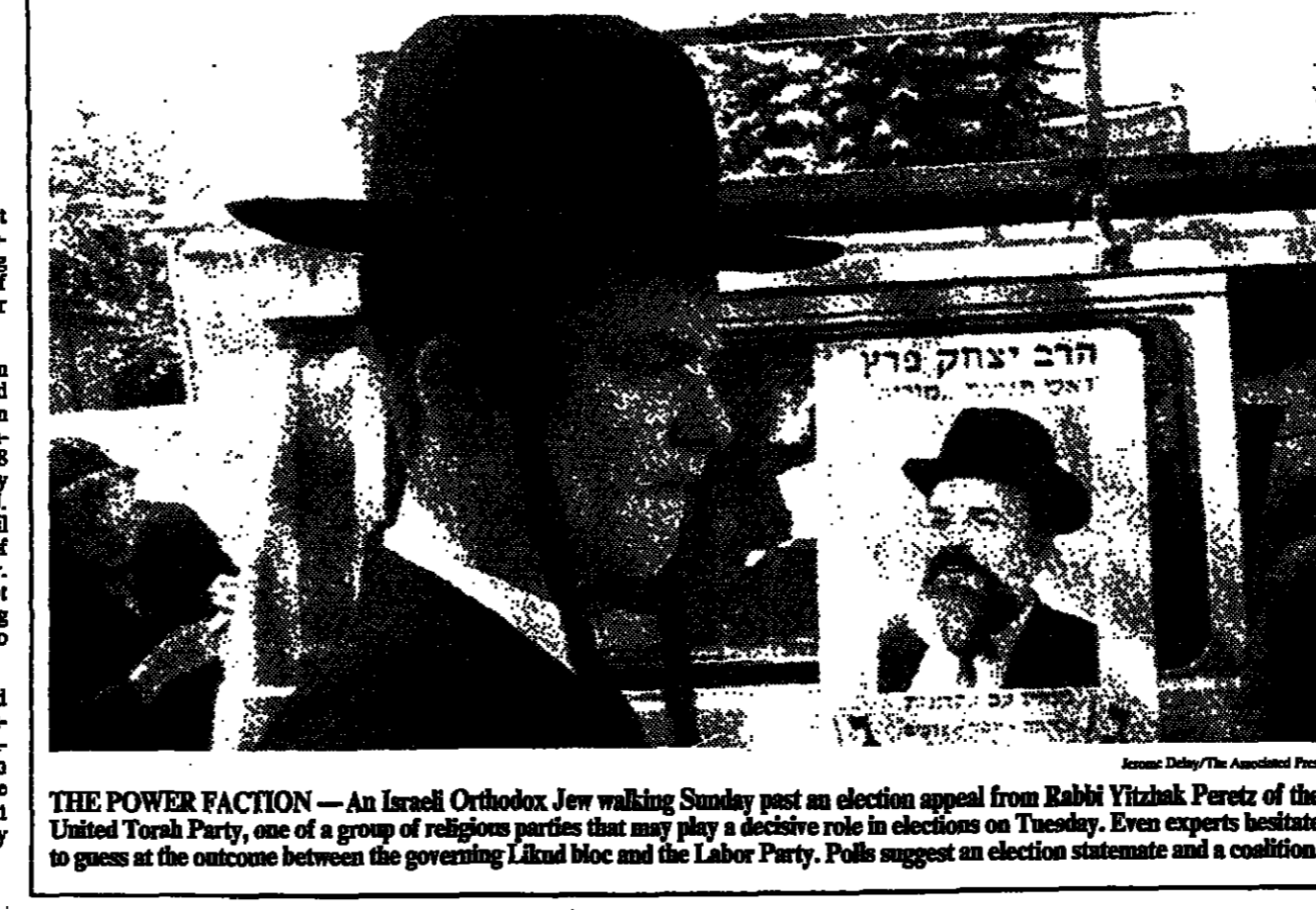
tong, hinted of a return to the national state of emergency that was lifted two years ago in one of his first conciliatory moves.

of captives' throats and the herding of scores of people into barns, houses and other buildings that are then set afire. In the village of Vranjak, Muslim children were said to have been stabbed and nailed to trees.

Kiosk Baker Cheers Russia Accord WASHINGTON (UPI) — Secretary of State James A. Baker 3d hailed the latest U.S.-Russia arms accord on Sunday as "the most significant arms reduction agreement ever negotiated."

For Perot, Years Of Digging on Bush

By Bob Woodward and John Mintz Washington Post Service WASHINGTON — Ross Perot could no longer contain his anger. After months of dickered with then-Vice President George Bush over a plan that Mr. Perot thought would provide information about American servicemen still missing from the Vietnam War, he concluded that Mr. Bush had let him down.



THE POWER FACTION — An Israeli Orthodox Jew walking Sunday past an election appeal from Rabbi Yitzhak Peretz of the United Torah Party, one of a group of religious parties that may play a decisive role in elections on Tuesday.

Fare Break For Travel In Europe

By Charles Goldsmith International Herald Tribune BRUSSELS — The European Community's plan to liberalize air travel, expected to be adopted on Monday, will offer lower prices and a wider choice of routes to consumers accustomed to restrictive national rules.

Good-Bye Wall Street, Hello Prague (Or: Let's Make a Deal)

By Roger Cohen New York Times Service PRAGUE — "O.K. you ex-Commiss, let's rock and roll!" The voice of Axl Rose of the Guns 'n' Roses rock band boomed across the huge Spartakiad Stadium, built to display the prowess of Communist athletes but now holding a hirsute mass of newly capitalist youths apparently intent on recreating Woodstock.

What else to do on a spring night in Prague when you have left your wife and children behind in Manhattan or Connecticut, abandoned the likes of Dean Witter or Midcoaster and given yourself to a lonely For Russia, a proposal to form a Western corps of experts to provide hands-on aid.

myself whether I could go to my grave having done just one thing or, having hit 40, should I try something else?" said Alistair Keith, 45, a former partner at Brown Brothers Harriman.

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Clinton Tax Plan Aims at Rich

Manifesto Outlines \$300 Billion in Savings

LITTLE ROCK, Arkansas — Bill Clinton called Sunday for substantially higher taxes on the rich, to finance a "putting people first" economic and social agenda of expanded education and job training programs, radically altered welfare and more affordable health care.

In a manifesto for the campaign, Mr. Clinton also dropped the 10 percent middle-income tax cut proposal he had advocated strongly during the winter months. In its place is a proposal for middle-class taxpayers to choose between an increased tax credit based on the number of children they have, and a "significant reduction" in taxes.

The Clinton campaign did not immediately furnish details of how the middle-class tax relief would come about.

In all, he outlined roughly \$300 billion in savings to help reduce the deficit, not counting savings from health care reform. Slightly more than half would come from tax increases on the wealthy and corporations, and slightly less than half from spending cuts.

Mr. Clinton also outlined several measures to end what he called "an extended hunting season for high-priced lobbyists and Washington

influence peddlers." Among them was legislation to end the current tax exemption for "special interest lobbying expenses."

He timed the release of his proposal to coincide with his appearance Sunday night at a town-hall meeting in Atlanta and his trip to Houston on Monday for the convention of the U.S. Conference of Mayors.

Mr. Clinton said he would reduce the federal budget deficit by half within four years through \$360 billion in spending cuts, taxing profits that foreign companies earn in the United States, implementing health-care reform and raising taxes on the rich.

The biggest tax increase would fall on the wealthiest 2 percent of wage earners. In all, their taxes would rise by \$17.8 billion next year through higher tax rates, a minimum tax and a millionaire's surtax. Those earning more than \$125,000 would also face higher Medicare costs.

He proposed using the money to create jobs in the communications, transportation and environmental sectors of the economy. He also proposed urban enterprise zones and other steps to revitalize urban areas.

Other steps he outlined:

- On welfare, Mr. Clinton called for a two-year program to offer welfare recipients education, training and child care. "After that, those who can work will have to go to work, either by taking a job in the private sector, or through community service." He also renewed his call for legislation granting workers 12 weeks of unpaid leave to care for a new child or a sick

relative, and said he would use the Internal Revenue Service to collect child support from delinquent fathers.

- On education, he renewed his call for greater funding for Head Start and other early childhood education programs, and for parents to choose the public schools their children attend. He also included his earlier proposal for federally funded education loans, to be repaid by the recipient, whether through community service or reimbursement.
- His health-care recommendations included caps on rising costs, and phased-in universal coverage. "Companies will be required to insure their employees, with federal assistance in the early years." He also called for punishing drug companies that raise prices faster than income goes up, and for insurance industry reforms.
- The spending cuts total \$140 billion over four years, and \$26 billion for next year. They include a call for a line-item veto authority — highly unpopular among Democrats in Congress — that he said he would use to cut nearly \$4 billion in wasteful spending next year. Defense and intelligence spending would be cut by \$11 billion, in part through various reforms. Tax increases would total \$155 billion over four years, nearly two-thirds of them borne by wealthy Americans.
- A so-called "revolution in government" would eliminate 100,000 federal jobs through attrition, bring about campaign finance reform, end the tax break for lobbyists and tighten restrictions on lobbying by former government officials.



RUNNING WITH THE CROWD — President George Bush talking with a fan, part of a group that gathered around as he tried to get in some jogging along the beach at Corona Del Mar, California.

Jackson Jobs Clinton Anew, Lauding Perot

WASHINGTON — The Reverend Jesse Jackson continued his feud with Governor Bill Clinton on Sunday, refusing to say whether he would endorse the Democratic presidential nominee this autumn and refusing to rule out an endorsement of the independent-Ross Perot.

Appearing on a CBS news program, Mr. Jackson repeated his assertion that Mr. Clinton had crafted a "ploy" to get a "cheap headline" last week in criticizing a black rap singer's anti-white comments.

"That's what agitates me so much," Mr. Jackson, the nation's dominant black political figure, said as he avoided directly saying whether he would endorse Mr. Clinton. "As we reached out, Bill Clinton pushed off."

Asked whether he might endorse Mr. Perot, Mr. Jackson said he intended to take his political agenda to Mr. Perot as he had done with Mr. Clinton, in hopes of sparking a debate on economic issues. He applauded the Texas' discussions last week with community leaders in Los Angeles.

More U.S. Kids at Work, and in Worse Conditions

By Gina Kolata
New York Times Service

NEW YORK — After nearly disappearing from American life, child labor has re-emerged and proliferated in the last decade. Even the recession does not seem to have stemmed the tide, and investigators say many of the children are working in dangerous jobs.

Federal statistics indicate that at least 4 million children aged 14 to 18 are legally employed. But an estimated 2 million other children work illegally, either because businesses or family members pay them in cash to avoid taxes and minimum wages, or, more commonly, because they work too many hours, late hours, at hazardous jobs, or are under 14 and thus too young to be working at all except on farms.

No one knows exactly how many children work illegally. But evidence from the Labor Department's strike force, from the General Accounting Office and from states' investigations and emergency-room records suggests that children work illegally in the fields, in the garment industry, in fast-food restau-

rants, on construction sites and in mines, sawmills and gas stations.

On the job, they suffer amputations, burns, deep cuts and electrocutions. At least several hundred a year are killed, according to investigators at the National Institute for Occupational Safety and Health. Other children work late on school nights, in violation of state and federal laws, and sometimes fall asleep in class.

Jeffrey Newman, executive director of the National Child Labor Committee, a nonprofit organization founded in 1904, said he is seeing a return of child labor scandals reminiscent of those that occurred at the turn of the century.

"I see the same kind of exploitation that occurred then, in sweatshops, in the fields, in unscrupulous business practices that occur behind closed doors," he said. "It's very sad and it doesn't speak well to our understanding and commitment to children."

Dr. Philip J. Landrigan, chairman of the Department of Community Medicine at Mount Sinai Medical Center in New York, organized a recent conference on child labor. He linked the growth of legal and illegal child labor to three factors:

- More and more families slipped into poverty in the 1980s and early '90s, and needed income from their children's work.
- The number of immigrants increased sharply, with people often coming from countries in which child labor is routine, providing a pool of people ripe for exploitation.
- State and federal governments cut their budgets for inspecting workplaces, which made the discovery of violations less likely.

Mr. Newman and others stressed that a major factor in the increase in child labor has been lax enforcement of state and federal laws.

Federal laws prohibit children under age 16 from working during school hours and limit the number of hours they can work after school and on weekends.

Some jobs, such as mining, logging and roofing, are prohibited for anyone under age 18. In agriculture, restrictions are less stringent; hazardous work is barred until age 16.

William Halperin, associate director for surveillance at the National Institute for Occupational Safety and Health, called the magnitude of illegal child labor "astounding."

He called the statistics gathered so far "the tip of an iceberg" because there is no systematic data collection and because many injuries and deaths are not reported.

One problem is simply discovering violations, given the relatively few inspectors the federal government employs for that purpose.

According to Dr. Landrigan, the Occupational Safety and Health Administration has 2,000 inspectors, and the Labor Department has 1,000 wage-and-hour workers, who are responsible for detecting illegal child labor as well as violations involving adults.

Jay Mazur, president of the International Ladies' Garment Workers Union, said that the safety and health administration had so few inspectors that 84 years would be needed to get around to inspecting all the workplaces for which it is responsible. He would take 25 years to visit every high-hazard workplace for a surprise inspection.

With such inadequate resources, he said, "we are fighting, to put it mildly, an uphill battle."

AMERICAN TOPICS

Does Kente Cloth Sway a Black Jury?

A judge's objections to a lawyer's attire has become the talk of the Washington bar, raising questions over where a lawyer's personal freedom, codified in court procedures and whether clothing can influence a jury. The New York Times reports.

John T. Harvey 3d was removed as defense counsel in an assault case last week by Judge Robert M. Scott of the District of Columbia Superior Court.

Judge Scott said Mr. Harvey's striped stole, made out of a colorful African fabric known as kente cloth, might unduly influence the predominantly black jury in the defendant's favor. Neither the prosecutor nor Mr. Harvey's client raised objections about the cloth.

Mr. Harvey has asked the district appeals court to reverse the order. "An Orthodox Jew wears a yarmulke, an Indian wears a turban, and according to the case law they can appear before this judge," he said.

The multicolored kente cloth, originally from West Africa, has become popular with black Americans in recent years as a sign of racial pride.

"If a lawyer went into court wearing a clown outfit, I don't

think anyone would tolerate it," said Keith Watters, vice president of the National Bar Association, a black lawyers' group. "But I talked with several members of our bar in California and Detroit, and they said that in their courts it is not an unusual sight to see an attorney wearing a kente cloth, and no one says anything."

Short Takes

"The entrances to New York City from the airport terminals are an ugly, graffiti-scarred, refuse-strewn eyesore," Steven J. Kumble writes in a letter to The New York Times. Roadside areas are defaced by "discarded hubcaps and other automobile parts, garbage, paper refuse, pieces of tires, assorted filth and, in some instances, the hulks of abandoned vehicles." Thus a visitor's first impression of New York is that of "a city overwhelmed by the problems of urban decay—a city out of control." Mr. Kumble suggested hiring young people looking for summer jobs "to clean up this mess."

Forty years ago, President Harry S. Truman predicted the end of the Cold War, as recalled in a new biography, "Truman," by David McCullough. "As the free world grows stronger, more united, more attractive to men on both sides of the Iron Curtain," Truman said in 1952, "and as the Soviet hopes for easy expansion are blocked, then there will have to come a time of change in

the Soviet world.... Whether the communist rulers shift their policies of their own free will — or whether the change comes about in some other way — I have not a doubt in the world that a change will occur."

Roads paved with asphalt rubber are supposedly an environmentalist's dream. Instead of getting jammed in shrinking landfills, scrap tires are ground up and mixed with asphalt to create a paving material that holds up twice as long as conventional asphalt and offers a smoother, quieter ride. Last year, the U.S. Congress ordered that the asphalt in federally-funded projects contain at least 5 percent rubber by 1994. This is to increase to 20 percent by 1997. The Los Angeles Times notes, however, that some questions remain. There is no evidence that asphalt rubber can be recycled, as asphalt can. And the cost is twice that of standard asphalt.

Pizza Hut, the largest U.S. pizza chain, plans to install all-you-can-eat buffets in most of its 2,700 restaurants by the end of the year. For \$3.99, patrons will be able to load up at 14-foot (four-meter) buffets with an assortment of pizzas, pastas and salads. A spokesman said that in four months of testing the company found that pizzas could be kept hot and fresh for 20 minutes on the buffet table if air is kept circulating around them. Pizza Hut is a subsidiary of PepsiCo.

Arthur Higbee

U.S. High Court Voids Part of Law On Nuclear Waste

WASHINGTON — The Supreme Court has struck down a key part of the 1985 federal law designed to force states to find disposal sites for low-level radioactive waste.

Voting 6 to 3, the court ruled that the law's ultimate threat — forcing states to take possession of the waste if they have failed to come up with another solution by 1996 — violated states' rights.

But the court left in place other provisions of the law providing incentives for states to find a way to dispose of the waste from power plants, hospitals, research reactors at universities and various industries.

The ruling Friday undid part of a contentious law with which many states were unhappily trying to comply, but observers had mixed views about its effects. It could force Congress to reopen the politically volatile nuclear-waste issue, or induce some big states to turn against others as they try to escape the law's reach.

Libya Gives U.K. Names Of IRA Men It Trained

Agence France-Press

LONDON — Libya has given the British intelligence service the names of as many as 20 IRA members trained in special camps in Libya over the past 20 years, the Sunday Times reported.

The extent of the Libyan training and cash supplied to the Irish Republican Army was far greater than previously thought, according to the paper.



Hope Fades in U.S. For Successful Plan To Depose Saddam

By Caryle Murphy and R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Bush administration has concluded that it has no suitable plan to overthrow President Saddam Hussein in Iraq, whose power appears stronger now than it was 16 months ago after the Gulf War defeat.

The United States continues to give financial and technical assistance to Iraqi opponents of President Saddam, the sources said. But Washington has been cautioning them that it is not ready to provide military support, not even air cover, for any operation they try to mount against the Baghdad leader, the officials said.

The reluctance to participate actively in any plot by providing military assistance, as sought by some Iraqi dissidents, reflects a U.S. intelligence community consensus that President Saddam remains firmly in control, and that no outside efforts to depose him are likely to succeed.

They said the latest version of the U.S. National Intelligence Estimate on Iraq, completed a week ago by the Central Intelligence Agency and other agencies, repudiates contentions by senior U.S. officials five months ago that the Iraqi leader's hold on power was weakening.

A Washington official, noting what he called the Bush administration's poor track record in its endeavors against President Saddam, said: "It turns out that Saddam knew Iraq better than anyone else. There was too much wishful thinking."

Another reason the United States is reluctant to participate in covert action against the Iraqi leader is that U.S. allies such as Egypt and Turkey oppose Western military intervention to remove him.

But a more important deterrent has been the inability of the exiled Iraqi opposition to draw up a uni-

fied and coherent program for a post-Saddam government or to develop plans for a feasible operation to topple him.

"The United States will not do an operation on its own," said an Arab source. And among the Iraqi opposition, he added, there is no agreement on how Iraq would be ruled after President Saddam. "So the United States is not getting involved in any operation right now," he added.

This source said he believed the United States might reverse its position if plans were drawn up for an operation that seemed certain to succeed. But at the moment, he added, the Bush administration has not been considering a "covert program lest it boomerang in their face."

An Iraqi source, evidently referring to reports that Washington has prepared contingency plans to prevent President Saddam from crushing any significant internal revolt, added that he did not think the United States would "just watch" if something spontaneous occurred inside Iraq that looked like it had "a good chance of success."

The administration has decided to let a House committee hear the testimony of a State Department official who warned in October 1989 of evidence that U.S. loan guarantees to Iraq for grain had been diverted to weapons. The New York Times reported from Washington. The official cited "nuclear-related equipment."

The testimony by Frank Lemay, a State Department legislative management officer, represents a concession to the House Judiciary Committee.

The White House denied a committee request earlier to allow the testimony of two presidential aides — C. Boyden Gray, the White House counsel, and Nicholas Rowstock of the National Security Council.

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A WORLD OF COMFORT

For Ex-Soviets, a Plan for Hands-On Aid

By Joseph Fitchett
International Herald Tribune
STRASBOURG, France — The West should create an elite corps of experts to live in the former Soviet Union and help officials there run government and business, a leading American specialist on Russia has proposed.

The specialist, Robert D. Blackwill, a former National Security Council member who now teaches at Harvard, made the recommendation this weekend ahead of the meeting next month of the Group of Seven leading industrial nations in Munich.

His plan won strong endorsement from American, European, Russian and Ukrainian officials and experts.

Admitting that financial aid to the former Soviet Union had reached a limit, prominent specialists said that the most acute problem now was the inadequate level of Western technical assistance to help absorb the available funds.

Sir Geoffrey Howe, a former British foreign minister and chancellor of the Exchequer and now an economic adviser to Ukraine, said Western pledges of financial help currently amounted to roughly \$50 billion — the equivalent in today's currency of the sum provided by the Marshall Plan.

Although that level of Western financial assistance is far below the total price tag usually placed on economic recovery for the former Communist countries, there is no realistic prospect of more funds soon, the specialists said.

Mr. Blackwill, who was an architect of the so-called grand bargain

offering large-scale funding as a reward for Russian reforms, suggested creating a new international body to manage a network of American, European and Japanese advisers in Russia and neighboring countries who would help implement changes ranging from privatization to municipal services, from banking to farming.

A thousand such advisers, each costing \$100,000 a year, would be a comparatively small extra investment to guarantee a payoff on the aid packages.

Russian and Ukrainian aides, together with Western specialists, agreed with Mr. Blackwill that current aid levels, together with longer-term hopes for private investment, may be endangered by a chaotic, wasteful pattern of transitory contacts.

"The Mariotti syndrome," as one official dubbed the tendency, refers to a stream of influential Westerners who visit former Communist capitals for a few days in local luxury, then leave after consuming the time of local leaders and often confusing them with a succession of contradictory-sounding proposals.

To help new governments organize themselves better, Mr. Blackwill said, the West urgently needs to send thousands of advisers to live, work and teach in the former

Soviet Union and perhaps in Eastern Europe. He called for an organization to field this team, to be headed by a prominent European and amounting to an internationalized version of the U.S.-led Marshall Plan, which involved thousands of American advisers working with counterparts in Western Europe to achieve economic recovery in the aftermath of World War II.

In Ukraine, Mr. Blackwill said, there are now only six resident Western experts funded by their governments to advise the Kiev government on how to use outside help and how to draw usefully on the experiences of other countries in developing free-market economies and democratic institutions.

Agreement that what is needed is technical assistance, not more money, came from Russian, European and American officials, who were taking part in a conference in Strasbourg sponsored by the Council of Europe.

Backing the proposal, Sir Geoffrey said management skills were desperately lacking. In most of the new democracies, governments do not yet hold regular cabinet meetings to ensure that key initiatives are pushed through.

The only negative note came from a representative of the French government, which has consistently opposed institutional innovations likely to enhance American influence in post-Cold War Europe.

Mr. Blackwill acknowledged that his proposal was partly aimed at "getting the United States and Japan in deeper" in the recovery campaign in Russia and neighboring countries. That would help satisfy Germa-

ny's repeated plea for other countries to take a larger share of the burden. The need for more technical assistance has been voiced by the German chancellor, Helmut Kohl, but no one has previously said publicly that a separate organization would be needed to sustain a program over at least a decade.

A practical limitation on an advisory corps would be its inability to impose full coordination for Western aid, according to Mr. Blackwill, who said the International Monetary Fund and the World Bank were too deeply involved and too experienced to tolerate interference.

Currently, the lead role in coordinating Western aid to the new democracies belongs to the European Community, but American officials said the EC bureaucracy could not handle an expanding Western effort in the coming years.

American officials acknowledged that Washington would be loath to operate under EC auspices in envisaging deeper U.S. involvement, including personnel, in a long-term recovery campaign for Russia.

Criticism has been mounting of the performance of the EC Commission, the Community's executive arm, in seeking to prevent overlaps in Western proposals for Eastern Europe and in helping speed up the actual spending of aid funds.

A report by the New York-based Institute for East-West Studies said that the only small fractions of the aid promised three years ago to Czechoslovakia, Hungary and Poland had been received.

John E. Mroz, the institute's head, said the EC Commission had played a useful role in helping maintain these countries' financial stability during the transition to hard currencies. But the new challenge is structural changes, which will require the sustained presence of many Westerners to ensure that the provision of help dovetails with the ideas and needs in these countries, he said.



HOT TIME IN THE OLD TOWN — Jacek Kuron, a leading dissident during the campaign against communism and now a well-known politician, leading hot soup in Warsaw's Old Town in a campaign to raise funds to send needy children to summer camp.

Prague Split: Is the Inevitable Imminent?

By Stephen Engelberg
New York Times Service

PRAGUE — Czechoslovakia may give the appearance of a nation sliding step by step toward dissolution, but leading politicians still are stressing that the divorce proceedings are in their initial phases.

The 74-year-old union between the Czech and Slovak peoples, who have increasingly stressed in recent months, could end before the year does, according to a prescription laid out in talks this weekend.

Politicians in Prague and Bratis-

lava still insist upon discussing the breakup of their country in conditional terms, and there is clearly an element of brinkmanship in the negotiations between the Czechs and the Slovaks. But the dominant mood for the moment is of inexorability, with the weight of opinion on the Czech side shifting toward allowing the Slovaks to go their own way as fast as possible.

The schism began with the "velvet revolution" in 1989, which broke the hold of communism and accentuated the differences between the more affluent, Western-

leaning Czechs, and the Slovaks, who opposed speedy development and economic reform. The split widened with parliamentary elections this month when a majority of Slovak voters, who occupy the eastern third of the country, cast their ballots for the Movement for Democratic Slovakia, led by Vladimir Meciar. His party favors a loose confederation of two sovereign nations and a softening of the economic "shock therapy" that has brought relative prosperity to the Czech lands and a severe recession to Slovakia.

But the voters in Czech regions gave a plurality to the Civil Democratic Party led by Vaclav Klaus, architect of the economic program and former finance minister.

In an interview on Czech television he dismissed the Slovaks' idea of a confederation as a "joke." Another clear sign of the course of events was the decision last week by leading Czech and Slovak parties not to join the federal cabinet. Mr. Klaus, who was invited earlier in the week to serve as federal prime minister, now says he would prefer to be Czech prime minister.

There is speculation that President Vaclav Havel, whose political future is now gravely in doubt, may resign and end up as Czech president, although the post does not yet exist.

Mr. Havel, a playwright who was imprisoned as a dissident under Communist rule, has acknowledged that a breakup is probably inevitable, but he has urged that a referendum be held on the matter. The party leaders, Mr. Klaus and Mr. Meciar, met twice last week, with the final session Saturday in the Slovak capital of Bratislava.

The two agreed to a joint statement proposing a sharp reduction in the size of the federal government. Ministries would be cut from 13 to 5, with only defense, finance, interior, economics and foreign affairs remaining at federal levels. Other functions of government would be shifted to the Czech and Slovak national governments.

Under the arrangement announced in Bratislava, the parliaments of the Czech lands and Slovakia must put forward proposals about the future shape of the country by Sept. 30.

Mr. Meciar favors a referendum on whether to dissolve the federation, while Mr. Klaus has become increasingly cool to that idea.

It is not clear how such a vote would come out in Slovakia, which is expected to declare its sovereignty within the next few weeks.

The Czechoslovak federal parliament would have to approve any accord reached by the two regional legislatures.

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MANDELA: Behind the South Africa Violence, a Deeper Rage Simmers

(Continued from page 1)

vived by the last week's horror and recriminations is how much they can really accomplish. Can any compromise stretch far enough to paper over the gaping differences that divide this country?

One of the problems sometimes overlooked in the euphoria of the bargaining table was that none of the parties fully controls its followers or accepts full responsibility for things done in its name.

The Boipatong massacre is riveting because of the scale — about 40 killed, many of them women and children — and because of allega-

tions that Inkatha warriors were assisted in the slaughter by South African policemen.

But just Sunday morning, the police said, three men and two women were killed in a raid on an Inkatha hostel in Soweto. Inkatha leaders blamed the African National Congress.

This low-level, weekly carnage may be carried out by rogue factions within the black political organizations or by criminals posing as political partisans, but it is not something that will be readily contained by a new constitution.

Nor is it at all clear to what extent Mr. de Klerk controls his own security apparatus, which now stands accused of collusion in the massacre of women and children.

A second reality that cannot be negotiated away is the still unbridgeable gap between white and black, European and African, have and have-not.

On the books, apartheid no longer exists, except for the one glaring provision in the negotiations are aimed at changing the fact that blacks have no right to vote. In reality, the apartheid remains deeply ingrained in the economy, the

culture, the demography, even, it often seems, the soul.

A third and most immediate problem is that the political ambitions of the rival parties at the bargaining table are separated by a gulf of principle.

Until mid-May the parties to the talks had glossed over fundamental disagreements to maintain the impression of forward momentum, which Mr. Mandela needed to show he was getting closer to power and Mr. de Klerk needed to convince the world of his good intentions.

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At a recent presentation ceremony at the Insead campus in Fontainebleau, France, Mr. Marcom received the award from Tom Swayne, the Chase Manhattan Bank Area Executive for Europe, Africa and the Middle East and Richard Morgan, Associate Publisher, International Herald Tribune.

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Japan

Rush to Buy U.S. Property Slows to a Cautious Walk

By John Burgess

WASHINGTON — Every week, it seemed, newspapers reported the sale of some other American landmark — Rockefeller Center, the Pebble Beach golf course, Arco Plaza in Los Angeles. Even cattle ranches were being sold to investors from Japan, who seemed to have endless supplies of money and optimism about the U.S. market.

In 1990, Japanese investors spent close to \$13 billion on U.S. real estate. For many Americans, the purchases brought home dramatically Japan's emergence as a potent force in another area of their country's economy. Japanese diplomats began to worry about "investment friction."

Suddenly, the boom has cooled. Recession at home and imploding values in the United States have caused these new investors to rein in their enthusiasm. A few have done what Japanese businesses supposedly never do, they have put their U.S. properties on the market, sometimes at a loss.

New Japanese real estate investment in 1991 plummeted 61 percent, according to a study by the accounting firm Kenneth Leventhal & Co., which tracks the industry. The year's \$5-billion figure represents the smallest infusion into the U.S. market since 1985.

"Some people who have made big investments are sitting back and will not consider any further investments," said Masahiko Kawakami, senior vice president at Mitsui Real Estate Sales New York Co.

But others remain active, though generally with more caution than in the past. Mr. Kawakami said his company would not buy office space in Manhattan these days; he estimates that that market will take five to six years to recover. But he said there remain good properties in areas such as residences and retail buildings and his company continues to scout there.

In short, says Stephen G. Finn, managing partner at Kenneth Leventhal's Washington, D.C., office, Japanese investors have "substantially curtailed their operations. But they're not cashing in all their green stamps at this point."

The cutback is one more sign that the country known as the world's prime source of international capital has switched gears and is for the time being looking inward. Japanese investment in foreign factories and in government securities is down substantially, too.

Japan's economy is stumbling along at about a 2.5 percent growth rate this year. Property values there are slumping; bankrupt companies in Japan left a record \$58 billion in debt in

1991. The Tokyo Stock Exchange, where share prices once seemed able only to rise, has lost more than half of its value since the beginning of 1990.

This instability at home led Japanese banks to back off from foreign loans, which had a big impact on property deals. "Most, if not all, of the Japanese real estate purchases were driven by Japanese banks' willingness to finance the projects," said Dan Schwartz, managing director of Ulmer Brothers Inc., a New York investment bank.

Now some real estate market watchers in the United States are saying that Americans got the best of the wealthy, often naive newcomers, extracting good prices, then leaving them to deal with the plummeting values that have followed.

Generally, Japanese firms that are selling are the smaller, newer ones, which are independent upstarts in their home market. "It's the second-tier people who are susceptible to the pain quicker," said Mr. Finn.

A case in point is Maruko Inc., a mid-sized Japanese investor, which in 1990 purchased for a reported \$67 million a property called the Hyatt Grand Champions golf and tennis resort, in Indian Wells, California.

BUYING from the U.S. Resolution Trust Corp., the federal agency that is taking over many properties as part of its mission to straighten out the United States' savings and loan crisis, Maruko got the resort for a deep discount over its original construction price.

But new Maruko has become caught up in Japan's own real estate property crunch and is in bankruptcy proceedings. A resort spokeswoman said the property is up for sale.

There is little sign that larger, more stable Japanese investors, such as the mammoth Mitsubishi Estate Co. plan sell-offs. "The saving grace is their general mind-set to hold on," said Mr. Finn. Many are members of the industrial groupings known as *keiretsu*, whose members help each other.

Japanese investors got seriously interested in U.S. real estate after the Western industrial powers reached an agreement in 1985 to lower the value of the dollar against the yen and European currencies. That was aimed at curbing the United States' trade deficits.

It also made U.S. properties seem like bargains to people holding foreign currency. Japan was accumulating huge supplies of dollars through its trade surpluses and had to invest them somewhere. The U.S. property market

Continued on page 8



David Starr

Who Governs the Nation?

A Powerful Bureaucracy Dominates Parliament

By T.R. Reid

TOKYO — The political organization that has controlled Japan's government for 37 straight years is formally known as the "Liberal Democratic Party." In fact, an old joke runs, it's none of the three.

Despite the "liberal" in its name, the LDP is the most conservative major party here, defender of the status quo and voice of the corporate and agricultural establishment. Despite the term "democratic," the LDP is anything but, with important policy and party decisions dictated by a small coterie of aging power brokers who sometimes pay scant attention to the wishes of the electorate. And the "party" is actually a rather motley collection of five parties, known as factions, which raise money independently and battle furiously over policy and patronage jobs.

The anomalies do not stop there, either. Despite its record as the longest-reigning party in any major democracy, the LDP gets little attention or approval from the people. LDP governments routinely draw approval ratings of 35 percent or less in polls, and a figure above 50 percent is considered astronomical — this for a party that has elected every prime minister since it was founded in 1955.

How can a party continue to win when it gets no respect? One reason is that the four chief opposition parties get even less. But the more important factor is a basic truth about the world's second-richest country: In Japan, elected government is just not very important.

Government, as an institution, does play an important role in running Japan, and was, in fact, instrumental in shaping the nation's post-war economic "miracle," the transformation of a shattered, poverty-stricken wreck of a coun-

Continued on page 8

Economic Dip Signals It's Time for a Change

Reformers Focus on Business Practices

By Steven Brull

TOKYO — Just a few years ago, Japan seemed invincible. Its stock and property markets were soaring, a torrent of high-tech products was making corporations perversely profitable, and Japanese investors were buying up chunks of America.

Today, as the collapse of the bubble weakens Japan's economic juggernaut, the nation has begun a debate over the practices that have made it the world's second biggest economy. In an ironic twist, the nation's elite has tacitly accepted some of the ideas of revisionist critics of Japan and argued that it is time for a structural overhaul.

"We need drastic change in the thinking of Japan as a whole," said Masaya Miyoshi, president and director-general of Keidanren, the Japan Federation of Economic Organizations, the country's leading business group. "We should change our mentality."

Keidanren has been espousing a new concept, *kyosei*, which translates as symbiosis. The basic idea is that Japan needs to alter its business practices to coexist with major trading partners in America, Europe and Asia.

Japan, they say, needs to rethink the practices by which workers have toiled long hours for low pay, and saved large sums at low interest rates for the sake of industry, all the while putting up with a social infrastructure befitting a second-rate power. Japan needs less red tape, greater competition, shorter working hours, higher salaries and dividends to stockholders, and more spending to improve the social infrastructure.

Changes of this sort would let Japanese consumers experience the wealth they have earned, improve access to the market by foreign companies, and go a long way toward easing the acrimony between Japan and its major trading partners that has begun to erode the principles of free trade.

Talk, of course, is cheap. And analysts are divided on the prospects of Japan actually changing. But there is one point of agreement: Japan changes only when it is forced to, and when it sees change as in its own self-interest. And therein lies a ray of hope.

A key to Japan's success over the years has been its ability to accommodate economic changes, especially drastic ones that could be

sold as a crisis to force painful reforms. When the yen surged following the Plaza Accord of 1985, Japanese companies cut costs, shifted production to cheaper sites abroad and invested in new technologies to advance into upscale markets. Today, manufacturers are competitive even with a stronger yen.

Yet, the current transition is more challenging. Before, Japan could adapt simply by investing more and tightening the screws on workers and subcontractors — all with little impact on the domestic status quo.

This time Japan lacks the same sense of crisis, in part because even as Japan's economy scrapes the trough of the current downturn, the pain of recession is muted by the reluctance of companies to fire workers. In addition, the economy is expected to pick up sometime later this year or early next, and the government is targeting 3.5 percent growth over the next five years.

Moreover, the changes being called for strike at the core of the social and economic contract, threatening vested interests that are sacrosanct in Japan. "Making changes will be like peeling an onion," said Paul Summerville, economist at Jardine Fleming Securities. "One layer at a time."

STREAMLINING Japan's distribution system, for example, would let consumers harness the strength of the yen and give foreign competitors better access to the market. But it could mean unemployment for millions of small shopkeepers, major supporters of the governing Liberal Democratic Party. "We've tried but have been unable to change the distribution system," said Naoki Tanaka, economist at the private Research Institute on the National Economy. "It will take a long time."

Yet, there are strong forces compelling change. The prime motivation behind *kyosei* is a growing fear that the outside world will no longer tolerate Japan as it is. "There's a realization that if Japan just goes along as before, with its own style of management, we'll be completely shut out," said Takamitsu Sawa, professor of economics at Kyoto University and director of the university's Institute of Economic Research. Even efficient aspects of the Japanese system, such as the *keiretsu* busi-

Continued on page 8

Before



After



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Japan / A Special Report

U.S.-Japan: The Slippery Slope to 'Managed Trade'

By David E. Sanger

TOKYO — When the Bush administration began setting its economic strategy for dealing with Japan four years ago, the American negotiators dispatched to Tokyo would invariably deliver a long, set speech about the dangers of "managed trade." The Japanese would nod in seeming agreement, agreeing that quotas and targets were ideologically impure thoughts for free traders.

growing if unarticulated sense in Washington that Japan really is different and, as a result, far different techniques are needed to cut through trade barriers that arise more because of tradition and industrial structure than explicit laws and regulations. But it is an approach that may yield more satisfaction in the short term than in the long term. Japanese are beginning to bristle about what they view as a perpetually dissatisfied United States, one that in their view would rather solve problems by negotiating specific market share — rather than on the identification of market barriers. Several weeks ago, the U.S. trade representative's office began conducting a detailed study on whether Japan is truly trying to meet the 20 percent figure.

market share — 20 percent of the Japanese market — was contained in a secret sideletter. The secret, not surprisingly, did not last long, and the American trade position looked hypocritical.

By the time the agreement was renewed, the market-share targets were made explicit. Today, the American approach to the issue hinges almost solely on the market-share figure — it hovers around 14 percent, depending on whose definition of market share one believes — rather than on the identification of market barriers. Several weeks ago, the U.S. trade representative's office began conducting a detailed study on whether Japan is truly trying to meet the 20 percent figure.

THE semiconductor accord served as the model for the deal struck last week. President George Bush's trip here in January. Under pressure to further open the Japanese car market to imports from the American Big Three, the Ministry of International Trade and Industry braced for the president's arrival by coming up with a magic number — 20,000 more units a year — that the White House announced as an "agreement." More numerical targets were placed on the purchase of auto parts. Asked if this amounted to managed trade, Mr. Bush's aides offered a half-hearted defense, saying that the figures were "voluntary" targets set by the industry, not the government. It is one of these polite fictions that is heard frequently these days in trade discussions.

such goals has its political drawbacks: By naming a specific target, you open yourself to criticism that the numbers are grossly insufficient. Mr. Bush was immediately undercut by the American automakers who accompanied him. They pointed out that the 20,000-unit figure amounted to the equivalent of about three days of Japanese auto exports. "There is no agreement," Harold Poing, the head of Ford Motor Co., said that evening. In the ensuing months, automakers in Detroit and Tokyo have talked about boosting the numbers, with little result. But it is a discussion the Japanese say they feel uneasy with.

"There is the problem of antitrust," said Yutaka Kume, the chairman of Nissan Motor Co. "We cannot be seen to be carving up the market." But now the Bush administration is faced with the possibility that the technique it adopted may be taken to an extreme it cannot control. Trade legislation in Congress, which Mr. Bush has threatened to veto, would restrict the sales of Japanese products in the United States, including products made by Japanese transplants, if the United States does not reach specific levels of market penetration in Japan. Democrats are clearly hoping that if Mr. Bush blocks the legislation, he will weak on trade issues in an election year.

DAVID E. SANGER writes for The New York Times from Tokyo.



Office workers in Tokyo's financial district.

Investing in Working Mothers

By Carol Lutfy

TOKYO — Yoko Kawashima epitomizes a new breed of Japanese career woman. It's not just that the 30-year-old marketing specialist has earned a spot on the management ladder at C. Itoh Fashion System, a high-profile fashion consulting and licensing firm. Or that she earns more money than the average Japanese man. Ms. Kawashima received a three-month paid maternity leave this year, the first woman in the history of the firm to secure that privilege. She negotiated a 28-hour work week, and she was granted a promotion to boot. "The company and I have made an eight-year investment in each other," she said. "Neither side wanted to throw it away."

Nearly 70 percent of all employers want women to stay longer on the job, according to a 1991 Recruit survey, reflecting a new awareness that nurturing female talent is imperative to tackling Japan's growing labor shortage. But faced with the lowest birthrate — 1.53 children per woman — in its history, Japan cannot afford to let women choose between work and motherhood.

Once considered undesirable, working mothers now represent the single fastest growing segment of the Japanese labor force, accounting for 56 percent of all working women and 22.2 percent of the labor force as a whole. "The change in attitude toward working mothers is nothing less than revolutionary," said Sumiko Iwao, professor of sociology at Keio University and an expert on women's issues.

But the demand for working mothers has grown more quickly than an infrastructure to cope with their needs. Up against burdensome working hours, inadequate child care facilities and unsupportive home environments, even Japan's most talented women are still reluctant to juggle children and a career.

Take Keiko Suzuki, a graduate of Tokyo University, the nation's most prestigious four-year college. She is currently on the fast track at Nippon Telephone and Telegraph, where she works in the public relations department with the same pay and responsibility as her male colleagues.

Suzuki surprised her superiors late last month by announcing her resignation. "The job takes 100 percent of my energy, which I'll no longer have to devote to it," she said. "I have to start thinking about other things."

After a generation of encouraging such attitudes, Japanese corporations are now mounting a campaign to counter them. Ms. Suzuki said that her superiors have turned somersaults to try to keep her on the job. "They offered me time off and agreed to transfer me to a less demanding department," she explained. "But I think the right thing to do is quit."

A total of 64 percent of Japanese women want to stop working in order to raise their children, according to a study conducted by the Prime Minister's Office. When they return to the work force as so-called "part-time" employees (a term that does not necessarily correlate with the number of hours worked), the vast majority will be asked to accept less pay and less attractive conditions.

INDEED, inequalities persist in the Japanese workplace, where women earn \$5.50 to the male dollar (as compared with \$7.70 in the United States), a figure that is not bound to increase unless they build up seniority. Although the 1980s have been touted as a decade of great advances for Japanese women, only 31 percent said that employment conditions had improved since the Equal Employment Opportunity Law took effect in 1986, according to a Labor Ministry poll.

What is changing, however, is the society's model of a dutiful woman. Traditionally encouraged to support a predominantly male labor force from inside the home, women like Ms. Kawashima are now respected for their efforts to succeed in both spheres.

Last year, the Japanese Diet unanimously passed a Child Care Leave Law, which requires companies with more than 30 employees to give men and women a year's leave to care for newborns.

"Though it's a written law, it's not practiced to its fullest," said Mariko Fujiwara, an executive at the Hakuhodo Institute for Life and Living. "Nothing changes very quickly in Japan."

But 27 years old and three months pregnant, Ms. CAROL LUTFY is a journalist based in Tokyo.

Southeast Asia Feels the Pinch

By Michael Richardson

SINGAPORE — Southeast Asia, which looks to Japan for large amounts of investment and trade, is starting to feel the pinch as Japan's longest postwar economic boom comes to an end.

However, the flow of capital and commerce, although sharply lower than six months ago, is still substantial and many Asian executives are confident that the Japanese downturn will only be temporary.

Moreover, the Japanese have "always been long-term strategic thinkers," said Isran Ja'far, managing director and group chief executive of Amah Holdings Sdn Bhd of Malaysia. "They have invested in Southeast Asia to make major investments into the region, not to come in and out for a fast buck."

Japan's direct investment in Southeast Asia is "increasingly driven by the objective of establishing strategic control" of an East Asian megamarket of 600 million consumers that will emerge by the year 2001, said Kenneth S. Courtis, strategist and senior economist with the Deutsche Bank group in Tokyo.

But until the domestic economy shows solid signs of recovery, companies in Japan are holding back from new investments, particularly in countries such as Thailand, where recent political turmoil has raised the risk factor.

Those Japanese firms that have already invested heavily in the region are taking a more selective approach to plant expansion and upgrading.

Japanese investments in the Association of Southeast Asian Nations are increasingly targeting domestic markets as well as using the region as a production base for exports, said Haruo Nakayama, managing director of the Singapore office of Nomura Research Institute.

Economic growth rates of the ASEAN countries — Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei — remain among the highest in the world. Mr. Nakayama said that the dynamism of ASEAN "is a major trend of the 1990s" and Japanese companies want to be a part of the action.

Economists of the Pacific Economic Cooperation Conference have forecast that the five main ASEAN economies will grow by

Table showing economic data for ASEAN countries (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand) from 1986 to 1992. Columns include years and values in billions of US dollars. Total ASEAN is also listed.

Source: Japanese Ministry of Finance

International Herald Tribune

an average real rate of 6.4 percent in 1992 and 6.5 percent in 1993. These projections may prove to be on the high side if the downturn in Japan is prolonged.

The faltering domestic economy has caused a sharp decline in imports from ASEAN since October. In 1991, imports were worth \$31.8 billion, while Japanese exports to ASEAN totaled \$37.7 billion.

Exports have also been sluggish since October. "This stems mainly from Japan's declining investment in ASEAN, which has led to a cut in exports of capital goods like machinery and equipment," said a spokesman for the Japan External Trade Organization in Tokyo.

A plunge in the value of real estate and other assets in Japan and mounting debt problems, particularly among Japanese banks, is curtailing the ability of companies to invest, and banks to lend, offshore.

According to figures issued by the Ministry of Finance in Tokyo, Japanese direct investment in ASEAN countries fell from \$4.7 billion in 1989-90, to \$4 billion in 1990-91 and \$1.7 billion in the first half of 1991-92.

Mann Bhaskaran, economic research director at Crosby Securities

Pte. Ltd., said that although Japanese investment in the region is falling, commitments for manufacturing that would help sustain regional economic growth in 1992 and 1993 were already in the pipeline and could not be canceled.

He said that while Japan was a significant export market for ASEAN, the United States, the European Community and other destinations accounted for well over two-thirds of sales.

However, some Southeast Asian countries rely heavily on Japan for exports. About 42 percent of Indonesia's exports are to Japan, although most are vital oil and natural gas

supplies which are unlikely to be cut back sharply even if the Japanese economy falls to surge.

Nearly 20 percent of the Philippines' exports and 17 percent of Thailand's are to Japan.

"Willing or not, the ASEAN economies have become an integral part of a production structure that is emerging in the Pacific region with Japan as its core," said Hadi Soesastro, an Indonesian economist who serves as executive director of the Center for Strategic and International Studies in Jakarta.

MICHAEL RICHARDSON is the editor for Asia of the International Herald Tribune.

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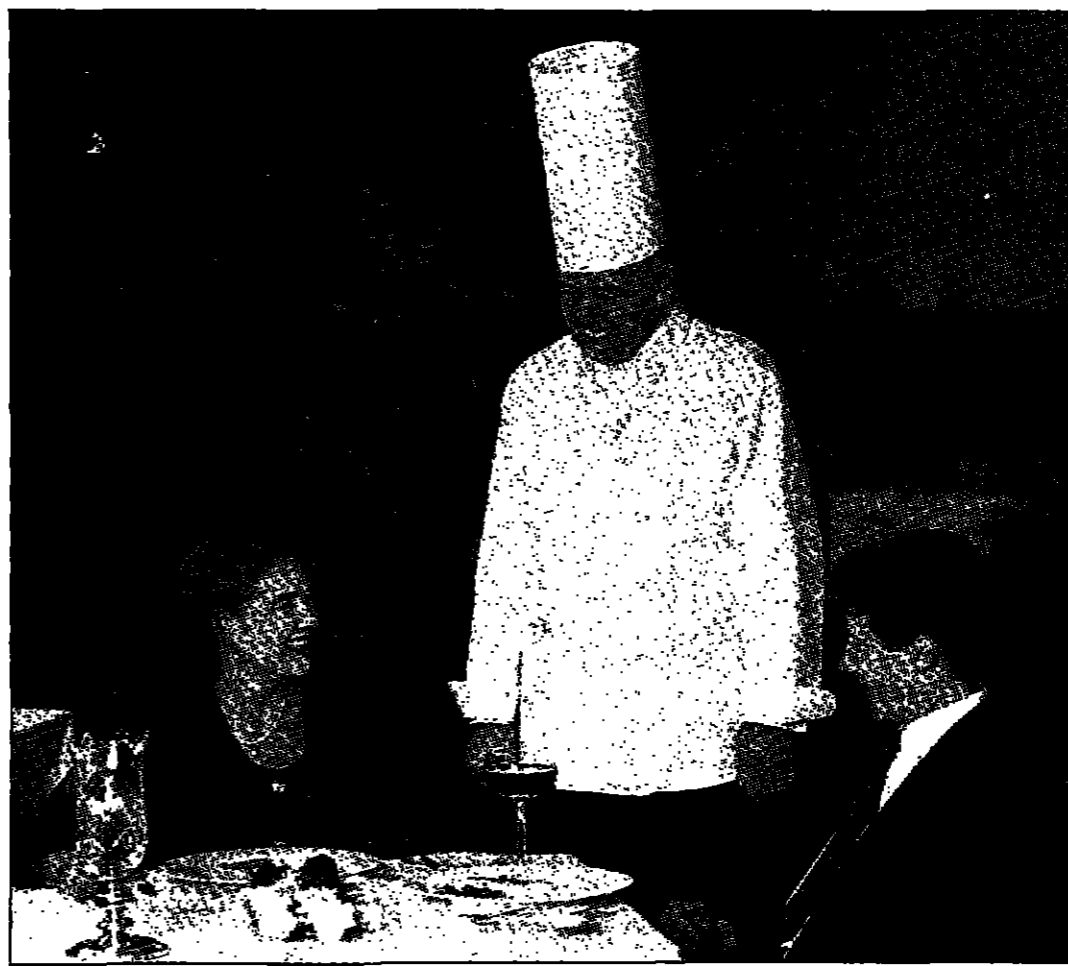
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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. June 19

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Governments/Supranationals

Table of Governments/Supranationals bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Table of Governments/Supranationals bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Global Corporates

Table of Global Corporates bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Banks & Finance

Table of Banks & Finance bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Table of Dollar Zeros bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Table of Floating Rate Notes bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Deutsche Marks

Table of Deutsche Marks bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Table of Pounds bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Table of Dollars bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

Table of Ecus bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

High Yielding Debt

Table of High Yielding Debt bond prices, including columns for Issuer, Con, Mat, Price, Yld, and Snd.

MUTUAL FUNDS

Figures as of close of trading Friday, June 19.

Large table of Mutual Funds prices, including columns for Fund Name, Bid, Ask, and other financial metrics.

مكتبة الأهل

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New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price and week, Terms. Includes Floating Rate Notes and Fixed-Coupons.

Testing the Economic Waters

Treasury Market Tries to Second-Guess Fed

Compiled by Our Staff From Dispatches. NEW YORK — The U.S. Treasury market faces two note auctions in the coming week and must distribute the new supply as it tries to assess the economy's strength.

BUSINESS BRIEFS

Denmark Plays Down Unibank Fears

COPENHAGEN (AFP) — The Danish Central Bank denied Sunday rumors of a possible suspension of payments by, or even a closing of, Unibank, the country's second-biggest financial institution.

Supplemental Budget Seen for Japan

TOKYO (Bloomberg) — Prime Minister Kiichi Miyazawa of Japan has urged his ruling Liberal Democratic Party to come up with additional fiscal measures to stimulate the country's economy, according to the financial newspaper Nihon Keizai.

India Lifts Remittance Restrictions

NEW DELHI (AFP) — India has withdrawn its regulation that required export earnings to be equivalent to any dividends remitted to foreign investors, a government statement said.

Ukraine Said to Cut Oil Pipeline Flow

MOSCOW (Reuters) — Ukraine has cut the flow of Russian oil through pipelines on its territory by 25 percent in an attempt to force payment of transit dues, Russian television reported.

Estonia Drops Ruble for the Kroon

TALLINN, Estonia (Reuters) — With a brightly colored new banknote called the kroon, Estonia became the first former Soviet republic to abandon the increasingly worthless ruble that symbolized five decades of Soviet rule.

Venezuela Readmits Oil Companies

CARACAS (AP) — For the first time since nationalization in 1975, Venezuela has approved several foreign companies for 20-year contracts to explore and produce marginal fields.

Ricoh Develops Copycat Computer

TOKYO (NYT) — Ricoh Co. said it had developed a computer that required no software because it learns what to do by example.

For the Record

An Indian judge ordered detectives investigating a billion-dollar bond scandal to bring specific charges, on Monday, against the alleged mastermind, Harshad Mehta, and 10 other suspects.

By Sparring the Tree, New Process Enhances Drug's Market Prospects

By Gina Kolata. NEW YORK — Until recently, officials at the National Cancer Institute feared that some patients could end up literally begging for a promising new drug extracted from the bark of the yew tree in the Pacific Northwest United States.

DOLLAR: Currency's Summer Dog Days Have Begun

(Continued from first finance page) is geared to continued dollar weakness, there is a contrarian opinion — which, by definition, means off the wall and out of favor.

China Shelves Plans for 3d Stock Market

BEIJING — The governor of the People's Bank of China, Li Guixian, said plans for a third stock market had been put on hold as authorities grappled with managing existing markets in Shanghai and Shenzhen, according to a report published Sunday.

Euromarkets At a Glance

Table with columns: Eurobond Yields, Weekly Sales, Labor Rates. Includes data for various markets and currencies.

CAPITAL: For U.S. Deal Junkies, Prague Is Heaven

(Continued from page 1) said Mark Bital, a former Drexel Burnham director who leads the Crimston team. "We reckon if we can't get things done, why be here?"

MUTUAL FUNDS

Table with columns: Bid Ask, Mutual Fund names and prices. Includes various equity and bond funds.

Table with columns: Bid Ask, Stock market data including NYSE, NASDAQ, and various individual stocks.

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MONDAY SPORTS EURO 92

Kite Joins Morgan in Golf Lead

PEBBLE BEACH, California — Tom Kite joined Gil Morgan as a co-leader at 4-under-par early in Sunday's final round of the 92nd U.S. Open...

Morgan's Ups and Downs

Just when Morgan was on the verge of making the U.S. Open an unglorious runaway — after he had crashed through and beyond the 10-under-par barrier...

But long birdie putts on the 16th and 18th got him back into the lead on the 4-under 212, by a shot over Wozniak, Brooks and Kite.

What happened to Morgan was difficult to believe, particularly after he played the first 43 holes of the championship in an astonishingly unimpressive 12 under par.

Starting the day 9 under par with a three-hole lead over Dillard, Morgan narrowly missed birdies on the first two holes and then holed a 25-footer (7.5 meters) for a birdie on the par-4 third hole.

After a good drive on the 431-yard par-4 5th hole, Morgan hit a solid 3-iron that bounced through the green into heavy rough.

On the 464-yard ninth hole, Morgan's aggressive shot with a 5-iron found a greenside bunker, and his explosion left him a 10-foot putt that he missed.

Morgan bogeyed the 384-yard 11th when his slightly pushed drive found rough so deep that he could not reach the green with his approach.

The last chapter of Morgan's nightmare took place on the par-5 13th where he chanked his wedge shot short of the green, pitched over the green, on his fourth, chipped long and two-putted for yet another double bogey.

Wozniak, Brooks, and Kite were finished, and Gary Hallberg and Kite were playing up ahead.

Just as his free-fall looked destined for oblivion, Morgan showed up.



Hässler gets a hug from Stefan Effenberg after Hässler scored.

Germany Beats Sweden, 3-2, in Semifinal

By Ian Thomsen International Herald Tribune STOCKHOLM — As if the game were contested in a smoky pool hall, Germany has played true to its soul only when the pot was worth winning.

box, such as the one that created Hässler's direct kick from the top of the arc.

From almost the same spot, Hässler had scored Germany's most important goal of the tournament, earning a 1-1 draw with the Commonwealth of Independent States in the 90th minute of their opening match.

The only difference between this direct Hässler kick and the first one was that the Swedish goalkeeper Thomas Ravelli, watching on television, saw the first one.

Just as the small band of German fans was threatening from its corner perch to outcrier its hosts, Swedish midfielder Klas Ingesson was being taken down from the rear by Thomas Heimer, chasing a ball down the right flank in the box.



Guido Buchwald of Germany (left) and Tomas Brodin of Sweden fighting for the ball in their semifinal of the European championships.

Hässler, the Littlest Big Man, Is Standing Tall for Germany

By Rob Hughes International Herald Tribune STOCKHOLM — Germany's path toward yet another major soccer final becomes the fulfillment of a little man.

At 26, he is growing before our eyes, not in centimeters — a battle lost long ago — but in self-belief and stature.

Unfortunately for Ravelli, Hässler struck the ball flatter and straighter, and the goalkeeper with the staring eyes was cast to stone.

Thomas Hässler once asked his mother why he drew the short straw when so many Germans were bred so strong and strapping.

Sweden's goalkeeper, Thomas Ravelli, knew Hässler would take any free kick within range of his right foot.

By now bamboozled, Sweden neglected to watch Riedle and gave him a negligent amount of time and room to score the first of two easy goals.

More impressively, he has taken the mantle of midfield boss that belonged to Germany's injured captain, Lothar Matthäus.

Ravelli set his defensive wall from a memory. Like every goalie here, he had noted the free-kick Hässler curled into the top corner of the CIS net.

This maturing of Hässler has embarrassing overtones for Italy. Juventus had seen the potential of Hässler first, had spent \$8 million on importing him from Cologne.

SIDELINES

Russell Wins Lyon Golf

LYON (Reuters) — David J. Russell of Britain won only the second victory of his 17-year European golf career in the Lyon Open on Sunday, with a six-stroke lead over the field.

Record in Harness Racing

EAST RUTHERFORD, New Jersey (AP) — Artplace toyed with the field of pacers in the fastest mile ever in harness racing — 1 minute, 49 2/5 seconds — in the Driscoll Series second leg at the Meadowlands.

New Coach at Real Madrid

MADRID (AP) — One of the Spanish soccer's most successful coaches, Albacete's Benito Floro, is to take over from Leo Beenhakker of the Netherlands as coach of Real Madrid, news reports said Saturday.

For the Record

Christine Schenk, the Olympic decathlon champion who has had an elbow injury, failed to qualify for the German team for Barcelona.

Fear and Awe at the Green One: Wimbledon

By Robin Fim New York Times Service

WIMBLEDON — Wimbledon, the big green one, the only Grand Slam played on a living surface that inspires and repulses and sometimes expires along with the players who dare to tread on it, starts Monday, and an anxious Martina Navratilova is testing the lawn.

flora only last week at Eastbourne, bounced in the second round from an event she'd won 10 times. But she preferred to blame that loss on the capricious British wind, not the capricious British grass.

surface the same way he treats his opponent, like a faceless entity. But his counterpart, Monica Seles, who has defied accusations that she skipped Wimbledon last year in part to preserve her top ranking, admits that the grass scares her.

Peugeot Wins 24-Hour Le Mans

The Associated Press

LE MANS, France — Peugeot dominated the Le Mans 24-Hour race almost from the start to win Sunday to give France its first title in 12 years.

The Mazda of Johnny Herbert of Britain, Bertrand Gachot of France and Volker Weidler of Germany was fourth. The three drivers had posted the first victory for a Japanese-made car in the 1991 race.

Mazda finished 16 laps back in fourth after staying close for 14 hours, before gear and radiator problems slowed it.

It was the first time since 1980 that a French-built car had won the race. The late Jean Rondeau, constructed and helped drive his car to victory that year, before British Jaguars and German Porsches dominated in the 1980s.

The winners covered 352 laps, a distance of 4,791.2 kilometers (2,974.40 miles) to average 159.34 kilometers per hour (123.89 miles per hour).

The only problem for the winning Peugeot came just before the 17-hour mark. It was in the pits for a brief time with a clutch and electrical problem.

Monica Seles has changed her mind and will be listed as a Yugoslav at Wimbledon after all, instead of from Saratoga, Florida.

Massumi Sekiya of Japan, Pierre-Henri Raphanel of France and Kenny Acheson of Ireland drove for the second-place Toyota.

Warwick was worried. "It stopped three, four times on the track and then we thought we repaired it. We had to come in again to check it, but the mechanics did a great job."

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